

August 5, 2022

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551
Attention: Comments Docket No. R-1769; RIN 7100-AG29

Re: Community Reinvestment Act Regulations/Docket ID OCC-2022-0002

To Whom It May Concern:

I appreciate the opportunity to comment on the Notice of Proposed Rulemaking that would update the regulations under the Community Reinvestment Act (CRA). The proposed regulatory changes are significant because they appear to increase the flexibility of banks when designing an approach to their CRA obligations. However, this flexibility must be balanced with the ability to measure the impact of the activities for low- and moderate-income households and communities of color.

With this letter, I offer observations on three points: (1) the proposal to report some race and ethnicity data on specific activities; (2) the proposal to increase community comments about the CRA activities of CRA-covered institutions; and (3) the appropriateness of the proposed coverage of operating subsidiaries and affiliates of covered institutions. Each of these elements in the proposed regulations represents an approach to measuring whether the resources of a CRA-covered institution are utilized in a manner that increases banking services and community development opportunities designed to meet the unique needs of low- and moderate-income households and communities of color in rural and urban communities across the country.

First, the NPRM's consideration of additional disclosures related to lending by race or ethnicity and the expansion of the reporting requirement by specific entities would help to highlight CRA performance on particular loan products. The proposed rule anticipates the adoption of regulations under Section 1071 of the Dodd-Frank Act related to small business lending. However, given the history of the CRA, utilizing available data related to race and ethnicity might help to close data gaps and provide another lens to evaluate and measure the effectiveness of the CRA-designed activities of banks.

Second, the NPRM's consideration of public input on CRA activities of banks in communities seeks to increase the visibility of this important statute in all communities. The NPRM seems to recognize the breadth of activities needed within communities to address disparities, so a broad group of community voices must contribute to the conversations about community development. Increasing the opportunities for a diverse group of community voices to engage with CRA-covered institutions will lead to innovative solutions that utilize all the resources in a community.

Accordingly, some attention should be given to the efforts of the CRA-covered institutions to expand the community voices guiding the direction of community development. In short, whenever a bank successfully engages in ongoing communications with community groups, the bank's role in convening those conversations about the community's credit needs could be reflected by an increased number and diversity of public comments highlighting how the bank's CRA activities have increased opportunities.

Finally, the NPRM focuses on the relationship of the activities of operating subsidiaries and affiliates to the CRA activities of a bank and seeks guidance on several points as to whether to assess their activities that align with the CRA. Once again, some degree of flexibility with respect to attributing the activities to the bank might be appropriate. This flexibility may provide additional creative connections that could impact community development opportunities, particularly those that might arise from partnerships with CDFIs and MDIs. Indeed, the ability to utilize operating subsidiaries and other affiliates might be an essential ingredient when banks seek to increase the scale of CRA activities in specific communities.

Again, I appreciate the efforts of the FDIC, OCC, and the Federal Reserve Board in drafting the NPRM and the opportunity to comment during this important process to improve the regulations for the Community Reinvestment Act.

Sincerely,

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(for identification purposes only)